

**Testing the concept of Silent Tourism on Russian market.**  
**Harmony Trail<sub>tm</sub>**

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<p>Silent Tourism is a new concept created by Annamari Lammassaari,. the owner of Harmony Trail<sub>tm</sub> company in 2011. Silent Tourism concept is built around three elements of a human being: body, soul and spirit. This concept was designed to target wealthy people. It was decided that Russian market can be a potential market for the offer. This actual research aims at testing the success and demand on the Silent Tourism concept on Russian market and to provide the comissioner with recommendations on the future development of the concept.</p> <p>The qualitative method of research was chosen as the most appropriate one due to sensitive nature and few quantity of the target audience representatives. The combination of observation and interviews was utilised. The theoretical framework was based on the information obtained from books, articles, websites of appropriate authorities.</p> <p>The findings proved the concept to be attractive for the Russian market. At the same time the research revealed drawbacks of the offer, which should be improved in order to succeed on the chosen market. The empiricle data gathered by means of interviews and observation provided a strong base for analysis of Silent Tourism concept and which resulted in a list of recommendation for the comissioner.</p>	
<b>Keywords</b> Silent Tourism, upper social class,holiday demand, Russian wealthy people, Russia	

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# 1 Introduction

In the past few decades demand on tourism has considerably increased. There are a number of factors, which influence the progress in the tourism industry, such as demographic change, fast developing technology, globalization tendency, changes in economy and many others. Tourism has become a popular leisure activity and on this ground many new forms of tourism have been developed.

Recently Finland has become one of the most popular destinations for Russian tourists. (VisitHelsinki 2012). The main attractions of this Nordic country which draw thousands of tourists every year are virgin nature, distinctive culture and modernity. Whereas the nature is widely promoted, not many companies think of marketing the Finnish mode of life and peacefulness.

Silent Tourism is a new form of tourism. The concept has not been studied before. The idea of Silent Tourism implies peaceful stay in the nature in combination with wellness procedures and recreational activities for those who are willing to escape from busy megapolis life. Silent Tourism sees its main aim in bringing man's body and soul in balance. The main target group for this form of tourism is expected to be hardworking business people alone or with a family. Silent Tourism combines characteristics of Health, Cultural and Rural tourism (in particular ecotourism). The novelty of the concept requires, first of all, to characterize this mode of tourism and, second of all, to test the demand for Silent Tourism among the high end Russians.

The commissioner of the thesis is a Finnish-based company Harmony Trail<sub>tm</sub> located in the capital region. Harmony Trail<sub>tm</sub> is the mother of Silent Tourism concept. According to Harmony Trail's philosophy, the main objective of Silent Tourism is to help busy wealthy people to forget about everyday routine. The company plans to build a boutique-villa located in Lohja where the clients are supposed to relax by immersing into nature on the countryside and experience the best SPA procedures combined with typical country adventures: fishing, picking up mushrooms, horseback riding in the forest.

The thesis research aims at getting the information that can be valuable for testing the demand on Silent Tourism. The information will be obtained by interviewing three groups of people. The first and the main one will be potential customers who are able to define their current needs and express their opinion on Silent Tourism. The second one is travel agencies which are familiar with the target market. The third one is Harmony Trail<sub>tm</sub> owner who will characterize the concept of Silent Tourism.

### **1.1 Research problem, aims and objectives**

The research problem is to find out what representatives of Russian upper social class as well as tour business representatives think of Silent Tourism activities and what strong/weak sides the concept has according to their opinion.

The aim of the research is to test the demand of Russian high end tourists on Silent Tourism activities.

The research objectives are:

- to come up with suggestions on how the concept can be improved or changed to comply with expectations of Russian high end tourists
- to create a potential Russian customer profile

### **1.2 Harmony Trail<sub>tm</sub>**

Harmony Trail<sub>tm</sub> is a young company, founded in the end of 2011 in Finland. The idea of creating Harmony Trail<sub>tm</sub> Company came after organizing a number of private tours for business visitors from China. The owner of Harmony Trail<sub>tm</sub> has seen a need for creating a company which could take care of organizing leisure for those coming to Finland for a business purpose and having limited time resources as well as for people coming to Finland for the only purpose of gaining physical and mental relaxation.

All in all Harmony Trail's clients are rich people looking for a peaceful shelter where they can regain inner harmony. The target group has been divided into two categories

according to the initial purpose of visiting Finland. To the first category we attribute people coming to Finland for business purpose. Whereas to the second one – people coming to Finland specially for having vacation.

What concerns the first category, the situation is quite clear. It is a matter of fact that business people have tight schedule and after a day-long conference the only thing they can think of is to relax and harmonize body and mind. What concerns going sightseeing the majority has no energy for that. Moreover for a foreigner it would be quite complicated to find right places to visit on his/her own.

What concerns the second category – leisure travelers, they are individuals coming to Finland for a short vacation and willing to spend this time in solitude or in an intimate circle of relatives or friends. In the minds' of Russians living in the Northern-West Federal District of Russia especially St. Petersburg, Finland obtained a reputation of a hospitable country which is cordially glad to share its riches of the nature and its peculiar measured lifestyle.

Taking all these aspects into consideration Harmony Trail<sub>tm</sub> worked out special programs for its target group. The programs aim at combining wellness procedures with an introduction to Finnish culture including visiting major sightseeing. For those, having in disposal a couple of free days, Harmony Trail<sub>tm</sub> offers a broad program with visiting Finnish ranch, enjoying winter/summer sports, picking mushrooms and berries and much other. All in all the programs aim at bringing the three components of a human in harmony: spirit, soul and body. In today's business-oriented life enjoying simple activities in the nature, familiar from the childhood, became a treasure.

At the moment Harmony Trail<sub>tm</sub> is building a boutique-villa located in Lohja which will be the official residence for company's guests. At Harmony Trail<sub>tm</sub> boutique-villa the customers will be offered to experience wellness procedures in Finnish-Chinese traditions. Namely, spacious sauna built in Finnish traditions is a good way to get acquainted with the Finnish culture whereas Chinese reflexology services performed by qualified specialists of Liangtse Wellness Centre will help the customers to achieve com-

plete relaxation. A boutique-villa is an essential part of the concept although at the moment it exists only in the theory.

Harmony Trail's target segment is Chinese, Japanese, Russian as well as European high paying travelers who value selected travel services. Under upper social class are implied people earning much enough to afford luxurious class international travel experiences. As a rule these people hold top management positions or run business on their own. For defining these people we used several interchangeable terms such as: upper social class, high-end customers, high-paying customers/travelers, well-to-do men.

Asian market is well known to the company owner whereas the Russian market is completely new and should be studied within this research.

The interest of the commissioner in the Russian market is explained by the reputation of Russia as a home country of rich people; closeness to the Finnish market (it is an erroneous opinion due to the large size of Russia); statistical data indicating a constant increase of Russian tourists to Finland (erroneous due to the statistics is valid only for the middle class segment of Russian society); Europeanization of the Russian society (valid only for St. Petersburg); awareness of Russians of Finland as a brand (valid only for St. Petersburg).

Harmony Trail<sub>tm</sub> is company which aims at filling in the gap existing between desired services and the services available on the market. Harmony Trail<sub>tm</sub> offers exclusive services for high end customers willing to buy a whole package with accommodation, transportation, selective and tested programs. (Lammassaari, A. 15 Feb 2012)

### **1.3 The Concept of Silent Tourism**

Silent Tourism is a new form of tourism presented by Annamari Lammassaari, the owner of Harmony Trail<sub>tm</sub> company in 2011. Silent Tourism concept is built around three elements of a human being: body, soul and spirit. In order to feel the taste of life it is critical to keep all these elements in harmony. The concept of Silent Tourism can be simply described as harmonious leisure in the nature for the purpose of regaining



physical and mental balance. According to Silent Tourism concept the best way to enjoy nature is to execute simple activities like picking berries and mushrooms, practicing horse-back riding, boating, visiting a traditional Finnish ranch and many others.

Wellness procedures like massage, SPA, sauna are holding a wide niche in the concept philosophy. Another emphasis is made on diet healthy nutrition which helps to relieve the entire body and soul.

All in all the main aim of Silent Tourism is to enable a person to escape from a busy megapolis overfilled with stress and dive into the world of peace and silence. The aim of Silent Tourism is not only to offer a shelter for bringing thoughts in order but also to bring the balance back to a person's life.

Finland has been chosen as the best suitable place for being a host country of Silent Tourism program. First of all because its reach and virgin nature. Second of all because abundance of peaceful and quiet places where people can delight in solitude. Third of all because availability of healthy organic food which is an integral part of Silent Tourism concept.

Harmony Trail<sub>tm</sub> has designed eight programs responding Silent Tourism philosophy. The programs were named in a way to be easily associated with Silent Tourism. So the names are: Blueberry Trail, Apple Blossom Trip, Winds and Waters, Designing Silence, Nordic Treasure, Finnhorse with Love, Midsummer, Nordic Balance (Lammassaari, A. 15 Feb 2012)

All programs are tagged with VIP status. Exclusiveness of the programs consists in selected locations where there will be not a living soul except of the Harmony Trail guests; the programs are designed for one person or a small group of 2-4 people which guarantees individual approach to each customer; the price of the programs is high enough to be affordable only for the social elite, which makes people feel that they are the selected ones and at the same time reduces a chance of meeting with undesirable people to an absolute zero; all possible efforts will be made to fulfill each and every

wish of a client; a client can change, supplement or exclude any activity from the range offered within a package; programs are desired according to the wishes of Russian VIP clients.

A thorough and professional approach to the selection of services and partners makes Harmony Trail programs luxury, namely, only the best vehicles (limousine, helicopter, private yacht) are used for clients' transportation; only organic healthy food cropped at the local Finnish farms; only Michelin starred restaurants; personal assistant/translator who is always nearby and ready to assist with any issues arose; only the reputable wellness and relaxation specialists taking care of our clients; and a long list of other experts taking care of the guests' comfort.

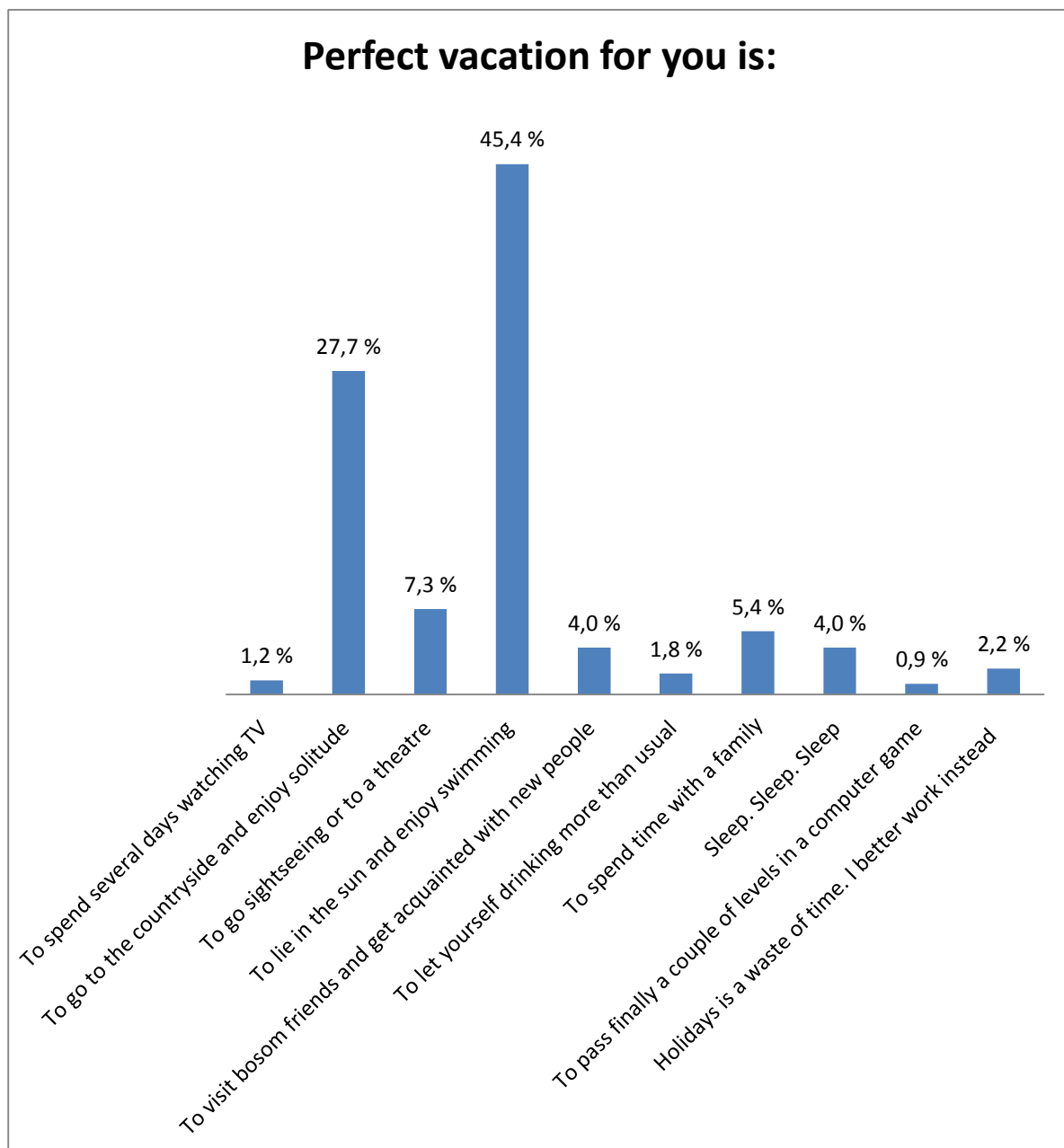
According to Silent Tourism concept a set of above services is essential for the concept realization in its best way. Although, at the time of the research realization these features existed only in the theory and were not embodied into the travel packages.

#### **1.4 Customer profile**

Apart from Chinese, Japanese and European tourists the Silent Tourism project of Harmony Trail<sub>tm</sub> is oriented on the wealthy Russian customers who are tired of busy business life and need to find the sanctuary where they can enjoy the peace.

Amount of Russians willing to spend a day or two in the middle of nowhere considerably increases. This hypothesis is supported with the results of online survey with the topic "Your perfect vacation is:" the second popular variant with 27,7% was to enjoy solitude in the countryside. The survey was carried out by Informational Group 70 in 2012. The amount of people participated in the survey numbers 3984.

(Информационная группа 70. 2012)



(Информационная группа 70. 2012)

In order to reach the audience, a profile of an ideal customer was created and the weak points in one's life examined. Such investigation enables Harmony Trail<sub>tm</sub> to compose the right "silent" programs that meet customers' needs and wishes.

The profile of an ideal customer gives general characteristics, habits and preferences of high end Russian class. The profile also includes information about the most popular media used by people of high end class. Finding out the most popular media is strate-

gic for the project as it can be used for promoting the programs as well as testing how the target group can be reached.

The representatives of rich people in Russia are in the age of 30-60 and usually holding top-manager position in large companies or running business on their own. The average income of Russian upper social class is around 1 000 000 rub a month. However, even rich Russians prefer to associate themselves with middle class, which is not complicated as middle class in Russia is missing at all. Representatives of upper social class tend to read magazines and can be influenced by the tendencies presented in this type of media. Nevertheless, it is crucial to remember that the magazines and other sorts of media, except of newspapers which are considered as invaluable sources of information, are appreciated rather by managers than by the individual entrepreneurs (60% versus 37%).

About 3/4 of upper social class representatives are married and have at least one child. Their wives are considered to be important decision-makers when it comes to choosing family vacations. Such holidays are usually arranged twice a year and cost around 15 000\$. The preferable destination for spending holidays became ski or sea-side resorts where visitors can rent a cottage and participate in a cultural trip. The cultural program should better include such prestigious activities as ballet, ice shows, theatre, opera. In life both spouses rely on and appreciate personal assistance and the speed of the process, as the rhythm of Russian life is very fast.

A typical wealthy Russian is an intelligent broad-minded man in the age of 50-60 years old. He has a serious approach to life. His values now include comfort, cultural activities as well as spending the quality time with the family. He possesses real estate and prefers large expensive cars all in all he is used to high standard of living. Such a person usually has children in the age 15-23 or babies born during his second marriage. Such a man is difficult to please due to vast life experience.

A wife of a wealthy Russian man is usually either an intelligent woman in the age of 40-50 years old or a young 25-35 years old ex-model. The first type has been married to

this man for a long time and has common children 15-23 years old. She appreciates cultural activities and SPA. The second type may have a baby and likes expensive commodities. She might be very capricious.

In spite of the differences in family patterns, that is common that psychological atmosphere inside homes is quite unstable. Representatives of Russian upper higher class are subjected to every day stress and unable to relax. As a result, men tend to bring problems and apply them to family life, which causes breaks in communication in the family and the overall atmosphere resembles a cold war. Wives of the businessmen are psychologically vulnerable and suffer from psychological problems of different level. In addition to this, children in rich families also suffer from intensive psychological influence of their parents. (Федеральная Служба Государственной Статистики 2012)

#### **1.4.1 Psychological portrait of Russian well-to-do man**

The main feature characterizing the life of modern Russian businessmen is letting the business to possess a disproportionally great role at the expense of other spheres - home, family, friendships, hobbies, education, cultural development, recreation, etc. Today's Russian businessmen are used working for 13-14 hours a day, often without a vacation and holidays. Thus, bit by bit such people become absorbed by work and as a result such an obsession starts defining the mentality, motivation and behavioral style of a person. Finally work becomes an overvalued entity which not only pushes the other side of life, but absorbs them, replacing the fullness of life. Definitely the first segment which experiences all these metamorphoses is a family.

All in all, the list below introduces the most frequent complaints of both businessman and their wives

Typical complaints of Russian businessmen:

Chronic stress, emotional and mental strain, a pathogenic mode of work and rest, fear of violent death (often well-grounded), communication overload, multiple family dysfunctions.

Typical complaints of wives of businessmen:

- Headaches, mood and sleep disorder, irritability, lack of restraint, particularly in relations with the child.

The current customer profile shows that there is a space for Silent Tourism activities promotion. Silent Tourism activities are designed to satisfy the needs of customers looking for comfort and luxury leisure. Moreover all Silent Tourism programs help bringing relief in their family lives by bringing family members in the atmosphere of silence and peacefulness.

## **2 Conceptual framework**

### **2.1 PEST Analysis**

Every successful beginning of the project must combine researches on internal and external environment, because otherwise every bright start may become a dull finish. PEST is one of the ways to have a good ending, as it is the tool to make a good analysis of the macro-environment.

When making PEST analysis what affects a company or a project externally now and what the future tendencies are should be considered. The importance of those factors now and in the future should be evaluated. PEST includes such effects as political, economic, social and technological. The factors that are included in the analysis have a long-term affect and are external, but usually they have a big influence on the business and, consequently, on strategy. In addition to this, PEST analysis helps to “identify long-term drivers of change” (Curtis, Cobham 2008, 54).

Political factors can be different in every chosen country, but they always have an effect on the business. There are several aspects which should be involved when analysing political situation of a country. First of all, legislation that exists in a country influences the conditions of doing business. Legislation should be checked from the business point of view. Namely, special attention should be paid on the details having the

most important for the business or project. For instance, if the project relates to tourism then different environmental acts and employment law should be checked attentively. What is more, it should be found out what the international legislation is, what kind of actions are allowed for foreigners in this country, and what is prohibited. In addition to this, it is essential to know whether there are monopolies in the country, for example, the government is the only one who sells alcohol in Finland. Another thing to know is a political system in a country. Namely what the government term and change are, who the leader of the state is, how stable the country itself is (for example, is there a possibility for a civil war and so on, and will it affect a company badly). All these issues affect much the way a country operates and kind of country's economy, consequently, it affects a project or company as well. Furthermore, the most important issue for a company is taxation, so it is significant to take into account the governmental acts concerning taxes.

Businesses' main aim is to make profit and profit is impossible unless the economy of the given countries is not considered. The Economic part of PEST analysis deals with variety of issues. The first thing, however, that needs to be looked at is the economic system. It should be found out whether the country has a capitalist system or, for instance, a communist system; because, for instance, the first one creates less limitations to business operations, since there are much less governmental restrictions in economy in comparison with the second one. The GDP is also crucial to know, as it shows the level of development of the country and gives opportunities to think of which area is the most profitable in the state. Furthermore, it is vital to know about the monetary and fiscal policies, as they affect the business a lot. Of course, the knowledge of inflation and exchange rates will help immensely in working in the country, because both of them will be essential factors affecting profit. What is more, being acquainted with business and marketing cycles, this knowledge can be applied to developing a plan and a strategy for the business. The last, but not the least economic factor that may affect the company is labour force and unemployment statistics, because no project or business can operate without human resources.

People are the moving force of everything and society is an essential part of each and every PEST-analysis. Consequently, the socio-cultural part of analysis is as crucial as others. The first socio-cultural factor is history, because after understanding all the curves of the history it can be assumed how citizens might react to a particular situation. For instance, whether the country has been more a conqueror or a slave during its development matters a lot, as it affects people's mind. What is more, religion tells a lot about the national character (that affects immensely the project). Some confessions are tolerant, some – not. Level of education of society should be also considered: will they understand the facts that are being tried to squeal to them (for example, when presenting on exhibition). Moreover, as a consequence, do these people know English or do they find their own language the most important. The structure of the language is also important, as it reflects in national character (strict, meticulous or kind of frivolous).

Furthermore, it should be thought of life-cycle: how old is society, when do people start families, and other facts. Gender positioning is also important: is society more male or female. Femininity and masculinity are the things that were invented by Dutch scientist Geert Hofstede. (Sears, Jacko 2008, 366).

Geert Hofstede is a unique scientist who researched 50 countries and concluded how the culture influences the workplace values; however, his work gives a great description of the cultures, which is used by the researchers in the spheres not related to the workplace behaviour. The professor studied the cultures based on 5 dimensions: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty avoidance (UAI), Long-term versus Short-term orientation (LTO) and Indulgence versus Restraint (IVR).

Power Distance shows the attitude of members' of the society towards the power distribution. This index is mainly connected with the perception of inequality and eagerness of less powerful people to follow the directions of more powerful individuals. The higher PDI is, the more hierarchical is the society.



The Individualism versus Collectivism shows the degree at which the individuals are more likely to either take care only of themselves and the closest people or to allow others to participate in their life and decision-making process.

Masculinity versus Femininity index shows, first of all, the level of competitiveness of the society. If the society tends to masculinity, it means that the competition level is high, individuals strive to success, personal achievements and material rewards. Whereas “femininity” is less competitive and stands for cooperation, support for weak members of society and life quality.

The Uncertainty Avoidance Index shows the level of comfort when the society has to deal with uncertain situations. The low-level UAI exhibits more relaxed approach to uncertain future, whereas high-level UAI is common in the cultures that practice rigid codes of belief.

Long-term versus Short-term orientation dimension shows the attitude of the society towards the future. The Short-term orientation societies tend to stick to traditions and to have plans only for close future. Representatives of these societies aim at quick results and have normative thinking. Long-term oriented societies are able to adapt traditions to the actual time period and are able to make investments and aim at long-term results.

The sixth dimension (Indulgence versus Restraint) applies to the question of happiness and leisure. The Indulgence-index societies imply having free choice of satisfying the human drives and needs for fun and enjoyment. Whereas, Restraint-index societies do not encourage their members to follow their wishes; these societies have strict social norms and do not expect people to have freedom of thinking.

To continue speaking about socio-cultural factors, it is needed to acknowledge the lifestyle of society: whether people are active and outgoing, or they prefer staying at home and so on. Moreover, the standard of living and social classes are crucial to find an approach to people. The values and attitudes of citizens are extremely significant for un-

derstanding people and they can tell much. In addition to this, it should be considered who the main citizens are: which ethnics does a country comprise. It is important to know, because every nationality has its distinguish features of character. Another thing that is also crucial is the role model that exists in society (Fullen, Podmoroff 2006, 78), because if knowing about them, it would be easier to influence people's attitude in accordance to this model. The last, but very important issue is business etiquette; every country has its own rules how to behave.

The role of good manners cannot be underestimated, as they show the respect to the opposite party, therefore, encourage people to like us and to strive to best possible result. Business etiquette is something that every business person has to stick to in order to feel confident and at ease. "Today's business people must know how to walk into a room full of strangers and feel at ease. They need to be able to introduce themselves and others without feeling apprehensive. They should know when-and how- to make a phone call to cheer and congratulate someone, and when a handwritten note or e-mail is order." (KayDuPont 1993, 4).

The last letter in PEST is "T" – technological. Today technology is undoubtedly important in doing business; therefore, it should be thought beforehand what premises a company has in disposal. The access to internet is crucial, that is something that can even be placed on the first place alongside with IT and computerization of society and businesses. Moreover, innovations are significant too, first of all, understand the level of development and, secondly, to use them. In addition to them, government\private investments in technology are useful to comprehend the attitude towards any kind of development and future prospects for business. Internet has been mentioned already, however, there are other ways of communications, which must be taken into account: how well are they developed? Furthermore, the issue that is also important is intellectual property. Is it secured? Another thing to think about is obsolescence of technologies: country may be computerized, but how up-to-date is this computerization?

## **2.2 PEST of Russia**

### **2.2.1 Political issues**

Russia has got two official names: Russia and Russian Federation. It is a federal semi-presidential republic. The head of the country is President Dmitriy Medvedev, he is also a head of a multi-party system with the executive power – Prime-minister (Vladimir Putin). Prime-minister is chosen by the President, however, parliament (“duma”) has to approve his choice. (Government of Russian Federation 2012)

In the year 2008 it was decided to make the presidential term be 6 years and the parliamentary term – 5 years, instead of 4 and 3 years accordingly before. Russia consists of 83 regions, each of them has the local government, which is subordinated to the president.

Speaking more about president of Russian Federation, it is important to mention that he has always had a strong ruling power in this country. Even today, despite the fact that Russian prime-minister is an ex-president, who still has got a very strong political and economic position, Medvedev is respected and listened to in Russia. The actual president has got a good reputation among citizens and his acts tend to satisfy the opinion of Russian. Dmitriy Medvedev tries to maintain good international relations and he is good at it, as he pays much attention to these aspects. It can be seen that he and new American president could find the common language and made up a number of decisions that are satisfactory for both parties.

Of course, we should not forget about prime-minister, who ruled the country for 8 years and has now been elected again to become the president (inauguration takes place on 25th of May). In Western mind Vladimir Putin is still the head of the state. Of course, he has got a big influence in country, but it seems like tandem president-prime-minister works out well and Russia proceeds developing its position both on the international arena and among its citizens.

There are now 4 political parties represented in the parliament: United Russia, Communist Party of Russian Federation, Liberal-democratic Party of Russian Federation and Fair Russia. The most powerful party is United Russia, which is closely connected to Putin – Prime-Minister of Russian Federation. It can be even seen that most of the promotional campaigns in Russia are made by United Russia, which logo – polar bear – is wide-spread all over the country. There is even a youth organization for those who support this party. However, the rest three parties are very interesting in terms of being analysed. Fair Russia tends to be in opposition to United Russia, and it is well-supported by many people. Although, their political policy is not much differentiated from the policy of the ruling party. The last year resulted in a number of changes in Russian parliament. Due to political changes and some instabilities, the heads of two houses of parliament have been dismissed. Now the head of the upper house of Russian parliament is Valentina Matvienko. The head of the lower house is Sergey Narishkin. This shows that the balance of political views is somehow maintained. Especially, taking into consideration two other parties, which try to keep the stability. However, the leading position in every aspect of Russian life is still held by United Russia. (Government of Russian Federation 2012)

Historically, Russia has been a strong player on the international arena and the diplomacy has always been an important part of politics. Emperors developed it a lot, despite participating in wars, which also favoured country's development.

The country was almost ruined after the collapse of Soviet Union, because it did not want to accept what had been before, but was not ready to take something new. Therefore, it also weakened internationally, becoming vulnerable. However, what we see now is no longer young Russian Federation. Today's country was able to develop itself in different ways including foreign affairs.

Russian Federation has got good relations with a huge number of countries and supports many states. As it has already been mentioned the actual president of this country fostered better relations with the USA that is extremely important for the whole world.

The relations between Russia and EU are also becoming better in spite of differences in opinions on some topics. However, it does not interfere with the whole picture of relations. An example of such disagreement can be a conflict in Southern Osetia. Everyone knows that despite having a bit different points of view, Russia and EU were able to save good diplomatic relations.

It is also significant in our case to highlight relations between Finland and Russia. These countries have been partners for a long period of time; in addition to this, they are neighbours, which requires them to be in good relations. That is the actual truth. As Russian minister of foreign affairs – Sergey Lavrov – said during the scientific conference “Russia and Finland in the multipolar world: 1809-2009 y”, Russia and Finland are not only neighbours, but also trustworthy partners in various aspects. He also said that the nations respect each other and strengthening of these relations is a strategic policy of Russian Federation. (Ministry of Foreign Affairs 2009)

### **2.2.2 Economic Issues**

Russia is a huge country with a large amount of natural and human resources. These resources enable country to maintain the economy on quite high level. It is the 6th largest economy in the world. The GDP is \$2.38 trillion with the rate of inflation 6.1% (CIA 2012). According to Russian Ministry of Economic Development in 2010, Russia holds 3.7% of all the world economy. Russia is the member of several trade organizations that allow the country to participate in the international trade such as: WTO, CIS, APEC, EuroAsEc.

The main sectors of economy that drive the country are the service sector and the natural resources sector. The largest companies in Russia work in the oil and gas sector (Gazprom, Lukoil) and they export the largest amounts of natural resources abroad (Russia holds the second place in the natural resources export). 65.9% out of all the export in the year 2010 are oil and gas. The Netherlands is the biggest importer of Russian goods. The main sector of Russian import is the cars and machines - 42.9% of all the import. Germany supplies Russia with the greatest of goods. (Federal State Statistics Service 2012).

During the several years of 2000s Russian economy enlarged. This country has become luring for the foreign investments. The domestic companies started to work on the larger scale. The economic crisis of 2010 affected badly Russian economy, but it managed to recover quite fast. However, today's statistics show that due to huge expenses on the election campaigns 2011-2012, the Winter Olympics and other large projects, Russia started to lose the inner economic strength. November 2011 showed the country expects the decrease in GDP for 0.1%. There is actual decrease of investments by 9.9% and for the construction by 5%. According to prime-minister Vladimir Putin, the inflation rate (6.1 % now) is expected to increase in 0.5%. The salaries decreased for 1.4 %. However, this slight economic decrease affected only the middle class, the upper social class stays with the same level of income. (Gazeta 2012).

The economics tendency now is to create the stabilization fund where the government will be able to save the oil money, which could be used to stabilize the country's economy.

### **2.2.3 Social issues**

#### **Religion**

In Russia there is no official religion established by the government. The choice of faith is up to an individual. Religious associations are separated from the state and are equal before the law. The chief religion of Russia is Russian Orthodox Christianity, which is professed by about 75% of population. The vast majority of Orthodox believers do not attend church on a regular basis. Although, the church is widely respected by Russians.

Islam, professed by about 20 % of believers, it is the second most important religion in Russia. (A country study) Among other religions, professed in the country are: Buddhism, Catholicism, Protestantism and Judaism but adherents of these religions are in the minority.

## **Family**

The family has always been the core of life for the Russians. Russians keep very close relations not only with parents but also with all the relatives. It is quite usual that the family members constantly participate in everyday affairs of each other. Young people enter into a marriage quite early, starting from 18 and it is considered normal. Although nowadays the growing tendency for more mature marriages is notable.

In a traditional Russian family, a man is the head of a family, the breadwinner, a woman runs a house, brings up children. This model of family is still the predominant one but bit by bit it is replacing with an equal right family model. It means that both partners have equal rights, a woman not only performs mother's responsibilities but also builds a career. Women are striving to be on the same level with men as the time shows, they do it successfully. Russian families are characterized by close ties between children and parents. These relations are characterized by support and affection.

## **Educational system**

Education in Russia is provided predominantly by the state and is regulated by the federal Ministry of Education. Russian education has always been a strength of the country and it can be proved by the fact that the literacy rate in Russia is almost 100%. Today the Russian education is undergoing some changes, aimed on establishment of a bigger amount of non-government educational institutions.

So, in Russia education is split into a compulsory Basic Education, and on-going Higher Education. Here is a structure of the educational system:

Preschool education is represented by the kindergartens. They provide children with the basic elementary knowledge and available for the kids from 1-6 years old. This education is optional and the decision about attendance or nonattendance of a kindergarten is taken by parents.

Primary education is mostly represented by secondary schools. This education is compulsory for all kids when they reach the age of 6 and lasts for 11 years. Private gymnasiums, lyceums different kinds of special schools are also eligible for educating children

up to 11th grade. Completing the 9th grade a child gets the General Certificate of Secondary Education. Having this certificate a child can continue his/her education at the secondary school or apply to a college, a university of applied sciences and some other vocational educational institutions. After graduating from the 11th grade of a secondary school, children get their certificate of Full Secondary Education. This certificate enables to apply to a University. The diplomas getting after graduating from the Vocational educational institutions also serve as a ground for applying for the Higher education.

The Higher Education is represented by universities and institutes and leads to earning Bachelor's and Master's Degrees. The Higher education is optional.

## **Youth**

Within the scope of our project we are interested in potential students for Haaga-Helia. It is quite alike in all countries that urban and rural people differ from each other in their interests and aims. The main criteria of potential students selection is the knowledge of English language. The most of young people living in big cities in Russia speak English. So, in this report we will focus on them.

Modern Russian youth is open-minded, hardworking, aimed on professional and personal achievements. Modern youth was grown up in post-Soviet Union environment, which positively influenced on the formation of their way of thinking. Young Russians are enterprising, flexible, sociable and open for getting a new experience.

As statistics shows, in last 3 years, the amount of university entrants increased sufficiently. This fact proves the intention of young generation to invest in their education and self-development which will contribute in making their way to a successful career.

Only a small part of Russian youth is participating in political life of the country. The rest, is aware of what is going on in the country but does not try to influence on the political flow in any way.



What concerns leisure, young generation like to gather together with friends and have a nice evening at a cafe or at someone's place. Recently, extreme kinds of sport like parachuting, racing became especially popular among young generation.

Once the financial situation in Russia took a turn to the better, young people use every opportunity for visiting foreign countries to widen the outlook and get acquainted with different cultures.

### **Hofstede's dimension**

According to Hofstede's power distance dimension, Russian society is quite unequal it is divided into classes mostly according to financial standing. Status plays a very important role. If a person is rich, he/she shows his/her welfare openly; hence he/she has much more benefits than people of a lower class.

What concerns relations within a family, the parents definitely have unspeakable authority towards their children. Children always treat parents with respect and listen to their opinion. Even when children become grown-ups, they keep on consulting with their parents on particular matters. This happens not because of the fear of parents, rather because of the respect towards parents and value of their life experience. Although, it does not mean that children always obey to their parents and do according to their directions.

In a working life there is a strong hierarchy, the boss has the biggest authority. The lower position person always listens to a person, holding a higher position. Any decision has to be approved by the person authorized for making such decisions.

Hofstede's individualism/collectivism index indicates Russia as an individualistic country. Even working in a group, a person feels personal responsibility for the implementation of a task. Russians are used to watch after themselves and evaluate personal input. So, the main emphasis is made on personal achievements.

The masculinity/femininity index of Hofstede's dimensions presents Russia as masculine country. Predominant number of powerful positions is held by men. In families, men also play a leading role. Recently, the situation has gradually changed. Roles of men and women are mixing. Nowadays more women work in men branches and carry the same responsibilities as men do.

Russia is considered to be a country with a low uncertainty avoidance index. Russians do not like building plans they usually rely on the natural flow of the working process. Although, when a problem occurs, they accumulate all the energy and decide the problem with ease.

According to Hofstede, short-term orientation is one of the most noticeable features of Russia's small and medium businesses. Not only businessmen, but even ordinary citizens do not look far ahead and do not set long-term goals. And there are a lot of arguments for the fact that in modern Russia looking far into the future is useless.

To sum up, according to Hofstede's analysis, Russia is characterized as a country with an individualistic way of thinking, mostly ruled by men; at the same time opportunity for personal growth is given to everybody, irrespective of social status and gender. Status and wealth play a very important role, the higher status a person has the more benefits and respect he/she gets. Russians do not build long-term plans. One of the national peculiarities is the ability to face risks bravely and to accumulate all personal strength when a problem occurs.

### **Business etiquette**

Here are some basic rules, which have to be observed if doing business with Russia: A firm handshake with several light shakes is an accepted custom on a meeting between men. With a woman, a short handshake is sufficient.

Russian business people adhere to official style in clothes. For men it would be suitable to wear a dark suit with a tie and white shirt. Almost the same way of dressing is ap-

appropriate for women: an elegant costume accompanied by a light coloured shirt. Among women skirts of conservative length are in preference to trousers. Accessories like jewellery or scarfs are quite acceptable for women dressing. Addressing to both women and men by first and middle names is customary. Acceptable gifts for business meetings are items for the office, quality pens (including pens with your company logo) and selected wines.

On receiving an invitation to a home, a box of fine chocolates or a scarf for the hostess would be a welcome gift as well as a bunch of flowers of uneven number. Red flowers are a symbol of love and romance.

When visiting a Russian Orthodox Church, women should wear a long - sleeved blouse, long skirt and the head should be covered by a hat or a scarf. Do not hang your jacket or coat on the back of a chair in a restaurant as this is considered insulting. Take care to hang your jacket or coat in the cloakroom that is to be found in all restaurants and offices.

It is considered impolite to stand with one's hands in one's pockets in a public place. When discussing business issues, Russians rather prefer face to face meetings than telephone and net conferences. Telephones and internet communication facilities are mostly used for making an arrangement for a personal meeting

#### **2.2.4 Technological Issues**

Russian sphere of information - communication technology is among the leaders in terms of development in recent years. Demand for services is growing steadily, and potential is rapidly expanding.

#### **Social Media**

Russia experiences Social media and networking sites boom. Social networking day by day became more popular and at the moment holds the 3d place in the list of the most popular communication platforms, taking the lead even over instant messengers. The most popular Social networking service in Russia is V Kontakte and Odnoklassniki.

Such immense interest in Social Media can be explained by a number of facts. Namely, availability and affordability of both broad-band and mobile Internet, a strong Social Media trend, presence of companies, businesses, social organizations in Social Media and networking services and of course a tendency to switching from stationary to virtual communication at a working place.

### **Internet**

In September 2011, Russia was ranked as a leader by number of internet users in Europe. Numerically, there were 50,81 million users in Russia which is 680 thousand more than in Germany which for years was the leader in this category. By the end of 2014 the number of internet users is estimated to reach the amount of 80 million, or 71% of population over 18, according to statistics of Yandex (Gazeta 2012)

The most popular websites in Russia according to the data collected by Alexa.com, are the following: ЯНДЕКС, Google, Mail.ru, Vk, YouTube, Facebook, Wikipedia, LiveJournal, Odnoklassniki.ru.

### **2.3 SWOT Analysis**

SWOT analysis is a tool used for analyzing current situation, perspectives and threats of a company, business, idea or project. Acronym SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The first two belong to internal factors and characterize the qualities and values which a firm possesses or opposite lacks at the present moment. Whereas the last two belong to the external factors which refer to the future. In order SWOT analysis would be easy to apply it was combined in a matrix:

	<b>Positive factors</b>	<b>Negative factors</b>
<b>Internal factors</b>	Strengths	Weaknesses
<b>External factors</b>	Opportunities	Threats

The matrix is designed in a way to enable an organization to sort out its factors concisely in graphs which are easy to confront and compare.

When analyzing internal factors namely strengths and weaknesses, the following aspects should be taken into consideration:

- Company culture and image
- Organizational structure
- Human resources
- Operational efficiency and capacity
- Brand awareness
- Market share
- Financial resources
- Patents and trade secrets
- Exclusive contracts

So, under strengths tangible and intangible characteristics which add value to a firm, give advantage over others and are under its control should be summarized.

Under weaknesses tangible and intangible characteristics which prevent or destruct a firm from development and again are under firm's control are summarized.

When analyzing external factors namely opportunities and threats, the following aspects should be considered:

- Changes in customer behavior
- Changes in competitor behavior
- Market trends
- Suppliers
- Partners
- Social changes
- New technology
- Economic environment
- Political environment

(NetMBA 2012)

Opportunities arise when changes in the external environment happen. By recognizing opportunities a firm can benefit considerably. Depending of the opportunity a firm can

introduce a new product, enter a new market or target a new segment thus increasing its profitability.

Threats also arise at the time of changes in the external environment. Threats are beyond the organization control. Threats directly relates to risks which may harm the organization. In order to avoid this, the organization should be aware of the treats and be ready for maneuvering. (Management Study Guide 2012)

SWOT analysis is a main tool for strategic planning although it is also widely used in business planning, competitor evaluation, marketing, business and product development/evaluation. All in all SWOT analysis can be used in any decision-making situation related to organizations, businesses, projects, ideas and individuals.

(Businessballs 2012)

The aim of SWOT analysis is to reveal core values on which the attention should be concentrated and point out vulnerable aspects as well as future trends and perspectives to follow.

The main advantage of proper done SWOT analysis is that it gives a big picture of the internal and external situation in which a firm exists. If to interpret the results of the analysis correctly it will enable the company to better leverage its strengths, correct its weaknesses, capitalize on opportunities and deter potentially devastation threats as well as show a plan to act on. (NetMBA 2012)

On the one hand SWOT analysis is quite a handy tool to use but on the other hand it requires significant resources as time and human efforts as well as accuracy. To avoid misleading results the analysis should be implemented by a team effort rather than a single person effort. The more people from different departments are interviewed for obtaining the information more trustworthy results will be presented in the analysis. Accuracy in categorizing company's internal and external factors is critical. All even small details should be taken into consideration in order to correctly label the factors as

negative or positive. The borderline especially between opportunities and threats is quite often transparent.

It should be always remembered that SWOT analysis profile is only a list of company's characteristics. In order to benefit from the information collected in the profile it should be carefully analyzed and only then it will help in taking strategic decisions. Any strategy should be built around company's strengths and opportunities whereas company's weaknesses should be converted into strengths although it is definitely a challenge.

SWOT analysis is a useful tool used for generating essential information of a firm. Although as any other model it has some limitations. If SWOT analysis is implemented by a single person and not by efforts of the whole team information in the analysis can be misleading.

Another limitation of SWOT analysis is subjective categorizing of the factors for example what planners might take as a strength top executives can consider a weakness. (Haberberg, Rieple 2001, 94-99)

## **2.4 SWOT of the project**

Harmony Trail's project of applying the concept of Silent Tourism requires the evaluation by using SWOT method. The reason for utilizing this method is that a project must be evolved using the strengths. It will also enable us to avoid the weak parts of the project that may lead to decrease of customer's demand.

	Positive factors	Negative factors
Internal factors	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- the unique concept, which has never been neither studied nor applied before</li> <li>- the strong leader of the project</li> <li>- the team of the company that is highly motivated and aims at the success of applying the concept to real life</li> <li>- the wide network on the target market as well as on the market where the business takes place</li> <li>- exclusive contract with Chinese SPA center</li> <li>- special agreement with the owners of a private farm, horse stadium, villas in different locations</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- limited finances on the start-up stage</li> <li>- lack of marketing</li> <li>- lack of brand awareness</li> <li>- no real pre-sales testing planned</li> <li>- oral agreements with partners</li> </ul>
External factors	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- there is need for Silent Tourism in the business people niche</li> <li>- the Finnish government supports the business initiatives in the countryside</li> <li>- a chance to obtain investment for the project development</li> <li>- increasing interest in Finland as a tour destination</li> <li>- the market trend for experiencing everything natural and eco-friendly: clothes, food, lifestyle</li> <li>- good transport communication between the target country and the country of the business</li> <li>- visa-free regime between Russia and Finland can come into effect in 2018</li> <li>- low dependence on partners</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- the resembling projects in Russia exist (although no one has promoted the concept of Silent Tourism)</li> <li>- the target audience does not consider Finland as a place for luxurious traveling</li> <li>- difficult-to-reach target group</li> <li>- strong competitors who have already earned good reputation on the Russian market</li> </ul>

The current SWOT analysis of the Silent Tourism project of Harmony Trail<sub>tm</sub> shows that there are perspectives for this kind of traveling. First of all, the concept of Silent



Tourism is unique and interesting, which means that there is a chance to attract customers that want to try it out. The uniqueness of the concept also means that there is no direct competition in this sector. Second of all, company has got strong team with a great leader, people are eager to work and they are full of ideas, which means that the project is led by business passion that is very important for the quality of services. In addition to this, the vast network of the company's owner provides business with exclusive contracts with the partners. This fact shows that the company has got the chances to win the possible competition and provide customers with unique services. However, in spite of the fact that there are partners, Harmony Trail<sub>tm</sub> is not much dependent on partners, as there is a possibility to find substitution to them without risking losing the quality of services.

The project shows to have a number of opportunities. Silent Tourism concept appears at the right time, because the society tends to follow the "natural" trends, such as: ecologically grown food, clothes, being environmentally friendly. People are tired of the cities' congestion and dirt, that is why they prefer trying something natural and pure, exactly what Harmony Trail<sub>tm</sub> starts to offer. Together with increase in appreciation of nature, tourists started appreciate Finland as a destination of natural tourism. This trend also gives opportunities to develop pure and silent activities for tourists in this country. What concerns Russian tourists, they have always been interested in Finland as a place for holidays, no matter whether they are high-end people or representatives of middle class. This means that if they combine their favorite activities with something new and relaxing, they will be happy. Harmony Trail<sub>tm</sub> will also be able to win Russian tourists, if the visa-free regime is applied in 2018, as planned. Moreover, all the initiatives in developing Finnish countryside are supported by Finnish government, which allows the owner of the company to get all the permissions easier.

However, there are some factors that may affect the company badly, and that must be taken into the account by the leader of the company. First of all, there is still no brand awareness, which has to be created before entering Russian market. In order to create it, marketing campaigns must be implemented in the target market. At this moment the lack of finances constraints the company from developing good marketing strategies

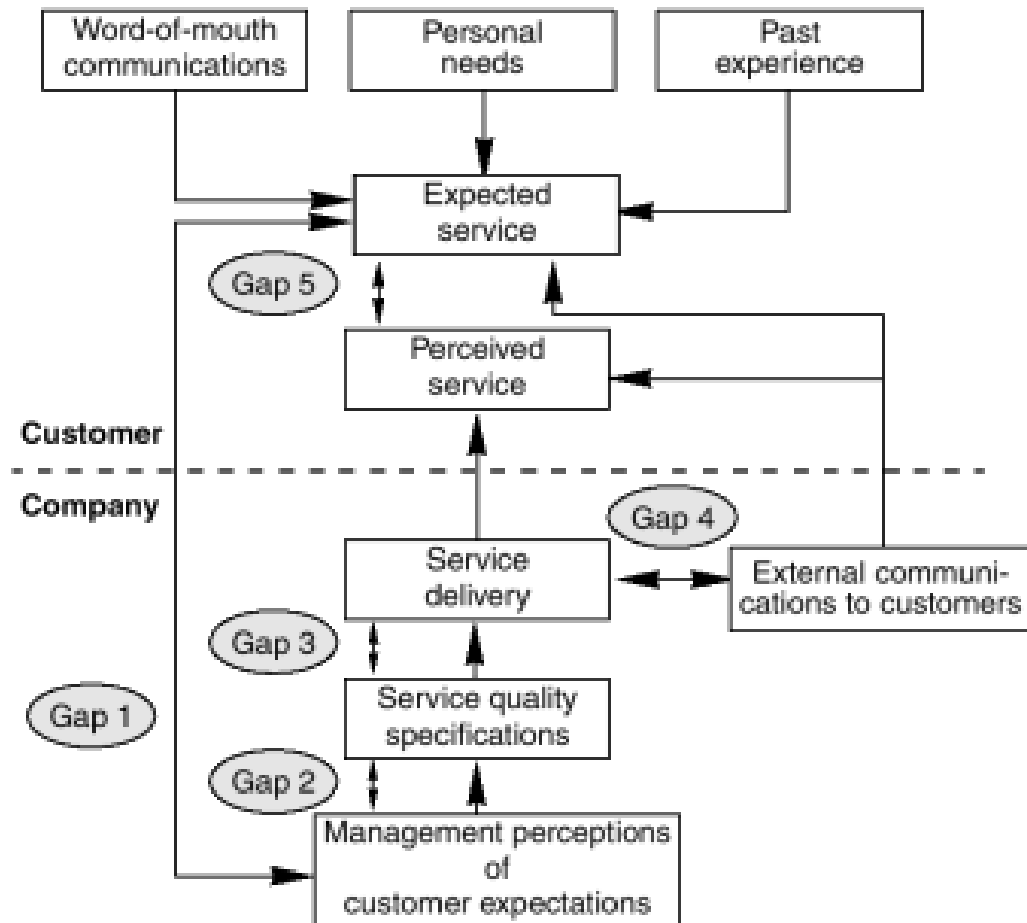
and applying them to the chosen market. Russian customers are influenced well with right advertisements and they prefer choosing their travel destinations according to how well they are positioned on the market. Therefore, there is a threat of a slow start and lack of demand due a small amount of marketing and branding. Another factor that must be considered is the existence of similar villas offering peaceful vacations in Russia. These places can take the customers away from coming to Finland. On the other hand, these villas do not position themselves as the suppliers of Silent Tourism activities and the do not offer unique programs unlike Harmony Trail<sub>tm</sub>.

To sum up, the project seems to be viable and there many chances to attract right clients and there is a prospective to develop. However, the leader of the company has to consider the threats and pay more attention to financial and marketing parts in order to succeed.

## **2.5 GAP Model**

The gap model is a framework which is used for identification of customer satisfaction with a service quality.

The gap model was developed in 1985 and since then was successfully applied and showed itself as a useful tool for revealing the imperfections in service quality. The outcomes received after applying the gap model benefit the company a lot. First of all the gap model indicates the current situation on the customers' perceptions of service quality. Second of all, it helps to identify the key factors which caused the gaps. Third of all, the gap model helps to identify strategies and processes which can be used to overcome the gaps and achieve excellence in customer service. (Zeithaml, Parasuraman, Berry 1990)



The Gap model essentially as suggested by Zeithaml (1990).

The model consists of five gaps: four of them belong to internal or company gaps and the fifth one – to external or customer gap.

Gap 1 occurs because of the difference between management perceptions of customer expectation and real customers' expectations. In other words lack of knowledge or misunderstanding of customer expectations. Among the main factors which can cause this gap are: ill upward communication between customers and top management, complicated management structure, inadequate marketing research, lack of market segmentation, insufficient attention taken on customers' complaints.

Gap 2 occurs when management perception and the actual customer-driven specification do not match with each other. So, it can be described as the lack of customer-

oriented service standards. The factors which can lead to this gap are: lack of customer oriented service design, inability to apply changes to a service design.

Gap 3 happens because of the lack of harmonization between the experience specification and the delivery of the experience. In other words, a failure to comply with service standards. This gap can be caused by low skilled human resources, failure to match supply and demand, lack of appropriate control over service performance.

Gap 4 is the gap between the delivery of the customer experience and what is communicated to customers - discrepancy between the promises and actions. Often occur when a company overpromises and exaggerates the merits of a product implicitly or explicitly. The factors leading to this gap are: inappropriate marketing communication, overpromising, badly managed communication between a company and the bodies responsible for marketing and sales.

Gap 5 – the customer gap consists in the difference between customers' expectations and perceptions. A customer gap is critical for understanding disadvantages in service quality. A customer gap is always a result of internal company gaps. Accordingly, the main task of the company is to identify all the factors causing the company gaps and then carefully analyze them and apply correction in the management policy. By doing so, a company will get a chance to meet the needs of customers and build long-term relationships with them.

Customers always have expectations for a service which are shaping by means of word of mouth, their personal needs and past experiences. It is very important that the managers are able to determine correctly those expectations. (Zeithaml, Bitner 2003)

Parasuraman, Berry, and Zeithaml, the fathers of the gap model framework proposed that there are five specific dimensions on the base of which customers makes their decisions on whether they are satisfy with the service or not. These dimensions are assurance, empathy, reliability, responsiveness and tangibles. In practice, among all these

five dimensions, reliability is valued the most by the customers as they want to be sure that they get a service of a promised quality.

Responsiveness shows itself through the willingness of a company to react on customers' problems, questions, complaints, suggestions. Speed of an issue processing as well as quality of the solutions offered matters considerably.

Assurance is characterized by the ability of a company to earn customers' confidence and trust.

Empathy is an understanding of individual needs in combination with personalized approach.

Tangibles are all material things which a company offers to its customers for disposal. By examining the tangibles a customer can judge on the level of a service offered.

Nowadays competition on the market is very harsh. In order to have a competitive advantage, a company should be sure that it offers a service which exactly complies with the customers' expectations. A gap model is a tool which can help a company to identify its gaps in service quality if such exist and then fix them by means of skillful management. (Parasuraman, Zeithaml, Berry 1985, 41–50)

Due to no packages were sold during the research process the GAP model framework cannot be applied. Otherwise, by means of GAP model it would be possible reveal all the gaps if there were some and on this base to assume measures to improve the quality of the product and correspondently reach more customer satisfaction.

## **2.6 Trend Analysis**

Trend analysis is a tool used to predict the future trends by comparing and analyzing the data over time. Knowing what trends will rule in the future enables a company to employ appropriate strategies. Trend analysis can help to understand better how actions undertaking in the past influenced a company thus helping to predict where the

current operations can bring a company. Possessing this information a company can make strategic decisions on company improvements. (Business and Industry Portal)

The main aim of the trend analysis is to provide the investor with the reliable information about the market. This analysis covers the trends that exist on the market and that might appear in the future. As a result, the investor has a better picture of the target market prospective.

Every industry goes through several stages in the marketplace and the trends for each stage are different. Trends in the marketplace can be of three types: short, advanced and long-lasting. In order to create a better understanding of the industry and the marketplace, the trend research must be carried out: it evaluates the stages of the industry, for instance, if the industry is in the early stages the share values increase, whereas if there is a stage when certain players guide the industry - the share values decrease. All these stages involve different trends, and every industry goes through all of them, which makes it crucial to evaluate the exact condition of the industry and its trends in the trend analysis.

The trend analysis for a certain industry usually involves analysis of several players on the market and how well they work on the given market. The best solution for evaluating the current trends and foreseeing the possible trends would be to include the analysis of industry for several years. (Wise Geek 2012)

Description of how Trend Analysis was applied in the actual research is in chapter 4 and 5.

### **3 Methodology**

Qualitative research method was chosen as the most appropriate for the research. Along with the qualitative method the method of observation was employed. There are at least two reasons staying behind the decision of using qualitative method, the first one is a lack of budget and the second one – specific target audience, namely Russian

upper social class. Utilising qualitative research method enabled us to obtain in-depth knowledge from the first person which would be impossible in case of using quantitative method. In addition to this, the reason for using the qualitative method is defined by a very sensitive target audience: rich people. The amount of representatives of this category is tiny in comparison with the middle class of Russia, as well as rich Russians prefer to be treated individually as unique people. Observations were carried out by means of watching TV, articles' review, observing the web, personal experience.

### **3.1 Realization of the research**

The work on the research has started right after Silent Tourism concept was created by Annamari Lammassaari. The first step was to gather the needed theoretical information on the concept, means of analysis and country of a target market. The next step was the interviews.

In order to deliver the concept of Silent Tourism to the audience in an intelligible way, visual materials in a form of travel brochures were used as material embodiment of the concept. These brochures were created specifically for a test purpose. In perspective the brochures will be changed according to all recommendations obtained including recommendations acquired from the interviews conducted in Russia within the scope of this research.

The brochures were shown at the interviews and supported by necessary information about the history of the company and the concept of Silent Tourism. The interviews were conducted in two cities in Russia to obtain the information about the potential customers and in Finland to get the opinion of tourism professionals on the product. More detailed information on the reasons to choose the interviews as the main source of information is presented in the next chapter.

After the background information was acquired and the interviews were conducted, the results were compared and the necessary conclusions were drawn. The conclusions and the recommendations are presented in the chapter 4 of the actual thesis.

### 3.2 Interviews

As a rule a market analysis is implemented by means of a quantitative research method or a combination of quantitative and qualitative methods although there can be some exceptions. This particular research is an exception as a qualitative method was the only possible method of making a market analysis. There are at least two reasons for that: a specific target group and a lack of budget.

The specificity of the research consists in the narrowly limited target group represented by rich people who form an upper social stratum of the Russian society. These people can be reached only with a personal contact, they have tight schedule and hardly spend time on filling in a questionnaire. It means that genuine information can be obtained only at a face to face interview.

A lack of budget was another obstacle for our research. If we decided to conduct a quantitative research which could probably give more extensive results we would need to have a sound financial base. In case of choosing quantitative method of collecting empirical data a number of alternatives how to reach our target audience were offered by us. One of the options could be to participate in a luxury entertainment and tourism fair organised yearly in Moscow. This fair is attended by rich people and their representatives responsible for leisure organization. Participation in such a fair would give us a prompt and clear feedback on our product. The cost for showing up at that fair would amount to approximately 3000 euro. Another way of meeting potential customers would be to attend a yacht or luxury cars' fair. Lately, being involved in different charity actions gained popularity among rich people, so this kind of events could also be used for making personal contacts. As all these methods imply heavy investments and the only way of obtaining genuine information is by face to face interview we had to come up with a more realistic decision.

The only option left was to use our personal contacts. As our personal contacts at an upper social stratum of society are very modest it was decided to interview not only



people owing an impressive fortune but also their close assistants or people who specialise on exclusive services for well-to-do men (prestigious travel agency owners, secretaries, executive managers)

All in all 16 face to face interviews have been conducted. The interviews were carried out in two different locations: St. Petersburg situated in the Northern-West part of Russia and Tomsk – West Siberia. The places were picked up purposely as being among the leading ones in a number of rich people.

For the research implementation an unstructured interview was utilised. It is reasoned by the fact that interviewees were unfamiliar with the interview topic. When choosing unstructured interview as the main tool in obtaining the information, the stake was made on a broad educational background, erudition and a vast previous travel experience of the interviewees. As a rule well-to-do people has a clear idea on what elements form a perfect tour package. Another benefit of unstructured interview is that interviewees are not pushed with the questions toward neither negative nor positive direction regarding the topic, opposite they are free to express whatever comes to their mind. In a couple of interviews people express ideas which we would never think of.

The aim of the interview was to identify the reaction of the interviewees on the concept. The objective of the interview was to find out what should be improved and in what exact way these improvements should be performed. An unstructured interview can be successfully utilised to achieve both aims and objectives.

### **3.3 Interviews conducted in Tomsk**

The decision about conducting interviews in Tomsk is mostly based on the positive statistical information on the standard of wellbeing in the city and a coincidental trip to Tomsk by one of the researchers.

In spite of having a very high objective there was no budget for the research implementation. Thus, when it became known that one of the researchers makes a private trip to Tomsk the idea of taking advantage of the situation and conducting interviews

in Tomsk was submitted for consideration. In order to be able to assess the real meaningfulness of conducting interviews in Tomsk we investigated the city on its standard of living and amount of millionaires residing there. The statistical data on the city and the region in general was highly promising. On this base the idea of conducting interviews in Tomsk was approved.

At the interviews eight Harmony Trail brochures built on Silent Tourism principles were introduced.

### **3.3.1 General information on Siberia and Tomsk**

Tomsk is a capital city of Tomsk Oblast which belongs to the Siberian Federal District (Siberia). The population of Tomsk Oblast is 1,034 000 people and Tomsk in particular – 500 000 people. Siberia is the richest region of the Russian Federation thanks to its natural resources namely 90% of gas, 70% of oil and coal is produced in Siberia. The majority of coal and old fields is concentrated in the western part of Siberia.

Tomsk is one of the biggest cities of Western Siberia. The city particularly is rich in wood and nonferrous metal. Moreover, Tomsk is famous for being a scientific and research centre of the region. Well-being indicator as well as development rate in Tomsk is quite high which secures being among the richest Siberian cities.

### **3.3.2 Statistical information on amount of rich people in Tomsk Oblast**

According to statistics, released in May 2011, amount of rouble millionaires in Tomsk Oblast numbers to 1.5 thousand. Recently, Tomsk Oblast Tax Inspectorate received the first declaration with a billion rouble (25 million euro) revenue.

1261 citizens registered income up to 10 million roubles (up to 250 thousand euro) a year. 24 residents of Tomsk Oblast earn more than 10 million roubles (250 thousand euro) per year. An annual income of 10 – 100 million rouble (250 thousand – 2.5 million euro) have 14 people. 9 people have declared the income up to half a billion rou-

bles (12.5 million euro). If considering that population of Tomsk Oblast is 1, 034 000 people, it turns out that on every 500 residents there are 1- 2 legal millionaires.

According to the Tax Inspectorate , the amount of declared income can be summed up by money earned both in Russia and abroad, money from the sale or lease of property, all kinds of winnings, profits, inheritance or donations.

However, rich Tomsk citizens do their best to keep the actual income in a secret. That is why the actual figure on the amount of millionaires in Tomsk Oblast is unknown. Most likely there are much more wealthy people than it was announced in the statistics above.

Tomsk Oblast is only one out of 19 Federal districts of Siberia. At least five of the districts can be proud of having even more stable financial situation which influences favourable on business and results in constantly increasing amount of millionaires.

(Город.Томск.Ры 2012)

### **3.3.3 Popularity**

The interviews were arranged solely by means of personal contacts. We would like to point out that people interviewed either belong to the upper social class according to the level of income, occupation and social status or participate in the life of the great ones on a daily basis. In case of having a budget and some assistance from the commissioner's side there might be more worthwhile interviews arranged. Due to a sensitive nature of upper-social class and their desire to keep their privacy we reserve the right to keep their names anonymous in the frame of the actual research.

1. The owner of a prestigious travel agency "RusoTuristo" specializing in providing sophisticated trips.
2. The owner of a prestigious travel and entertainment agency chain in cities of Siberian region "Sibirskiy gorodok".
3. The owner of a construction company "TDSK".
4. Private entrepreneur having an interior design atelier "À jour"

5. City Duma Deputy
6. Avant-garde artist

### **3.4 Interviews conducted in St. Petersburg**

The decision to conduct interviews in St. Petersburg was based on personal experience, positive statistics regarding the amount of rich people and the wide variety of exotic tourist destinations offered by travel agencies, and the actual chance to conduct the interviews there due to having a private trip to this city by one of the researches. The budget of the commissioner did not include trips, thus private trip of the researcher was a great luck for the study. The travel packages allowed us to conclude that Russians in St. Petersburg and Moscow tend to buy unusual and expensive trips, and therefore our offer could be valued highly.

The statistical data was gathered beforehand and allowed us to evaluate the possible outcome of the interviews. It showed to be promising and the commissioner approved the interviews and considered St. Petersburg as a possible target market. It was decided that Moscow could be a good target according to the statistics, but neither one of the researchers has personal contacts in that area. The commissioner provided the interviewers with samples of the offers: eight brochures of Harmony Trail.

#### **3.4.1 General information on St. Petersburg**

St Petersburg was founded by Peter the Great as “the Window to the West” and the city proves to be a connection between the rest of Russia and Europe. This city is an important port in Northern-West Russia, which daily deals with different types of cargo loads and acts as a main point of goods delivery for a largest part of Russia. According to the statistics of city's government, the amount of cargo that was taken care of in 2010 is 58,1 million tonnes. (St. Petersburg government 2011)

Due to its location and specific development as a “second capital”, St. Petersburg has always been a luring place to make business, although not as attractive as Moscow. The population of the city is 4.9 million people and it has fourth place in Europe popula-

tion wise. The large number of citizens as well as universities (329) guarantees enough qualified employees, which makes the city attractive for businesses and wealthy owners. (St.Petersburg Center of Information and Analysis 2011)

### **3.4.2 Statistical information on amount of rich people in Northern -West and Central Federal Districts**

The official statistics of these two regions never shows the number of representatives of high-end class. The reason for this is that rich people prefer not to show all the money they own. Therefore, the following scanning is based on the amount, quality, price of real estate, holiday offers in the agencies as well as horse market (for a specific sector of Harmony Trail).

According to Forbes magazine Moscow has 79 billionaires and the total amount of money that they have is estimated for 375\$ billion. The real estate market is the most developed in Moscow region and the number of wealthy people living in Moscow is the biggest regarding the rest of Russia. According to Welhome - Moscow real estate consulting agency, today Moscow region offers 465 houses of the price over 3 000 000 euro. However, the average price for these houses is 4 500 000 euro .These houses are sold usually within half a year. People who buy such property can be reckoned among representatives of a “very rich” sector of Russian high-end. (Welhome 2012)

The “usual” high-class is concentrated on buying the real estate for an average price of 1 800 000 euro. Today we can say that such offers have become more popular since the economic crisis of 2009, which means that people have more free money to spend on their hobbies, wishes and other luxuries. The research of Knight Frank real estate agency shows that the average price for a house has a tendency to grow now. (Рынок загородной недвижимости. Санкт-Петербург. 2011)

The buying ability is also proved to be growing, since St.-Petersburg region has 14 existing elite villages in the Northern part of this area and in 2012 the construction companies start selling the houses in 4 new-built villages. All together there are going to be 18 elite settlements in St. Petersburg Northern area.

This statistics proves the fact that rich Russians are eager to spend their money and they have lots of money. Today Russian travel agencies try to reach this audience and offer at least 3-4 VIP packages that include everything. For instance, the SigmaTur agency offers variety of trips: from Safari trips to Health tours and Ferrari trips. These trips are demanded. In addition to this, the tendency to go to India is still quite high. One offer, that Russian travel agencies have, is 10-day trip to India. It is supposed to be luxury travels, however, the “in India” flights are economy class flights, which shows that there is still space in the “really luxury” VIP offers. The price for this offer is 3150 EURO per person without air ticket. (Special 2012)

The horse market scanning also proves the fact that there are plenty of Russians who can spend much money on hobbies. The average price for stable is 25 000 rub, which is 625 euro and this price does not include anything special: trainers for rider and horse, doctors etc. The average amount spent by a horse owner on his/her horse per month is about 2500 euro. The stables usually have 70 places and they are always full. There are about six high-end stables in St. Petersburg. In addition to this, the average time that a horse owner owns a horse is three - four years if considering the most common situation: rich parents buy a horse for a child and then child grows up and needs different horse. The average amount of money that they want to spend today on their children's horses is 30 000 euro. The scanning showed that the amount of purchasing dressage and show-jumping horses is approximately on the same level.

This market scanning proves that Russians are eager to have expensive hobbies and they can allow themselves to spend around 15 000 euro for one holiday trip.

### **3.4.3 Popularity**

Just like in the case with Siberia, the interviews in St. Petersburg were arranged by means of personal contacts. We tried to cover both representatives of upper social class and personal assistants of rich people, so that we could evaluate opinions and draw reasonable conclusions. In addition to this, we included stable owner in the interviewees because of the interest of the commissioner in offering horse-riding packages

to the equestrians. Due to a sensitive nature of upper-social class and their desire to keep their privacy we reserve the right to keep their names anonymous in the frame of the actual research.

1. The owner of the shoe shop “Kalipso”, who owns a house in a luxury zone of St. Petersburg and a summer cottage in Austria and who prefers luxurious travels.
2. The owner of the stable “The Rider”, who owns 10 horses and travels annually abroad to the sea with the whole family.
3. The personal assistant of the owner of logistics company, who wanted to hide the name of the company that she is working for. Her boss travels twice a year to the UAE and owns property both in Russia and abroad.
4. The family couple: judge in the Constitutional Court and a private criminal lawyer. They own a luxurious apartment in St. Petersburg city centre and travel with the holiday purpose as often as their work allows.
5. The plastic surgeon in the fashionable hospital “Medi”, owning an apartment in Russia and an apartment in Italian Tuscany.
6. Owner of the chain of shops of female clothing, who wanted to hide the name of his business.
7. Degree program director in Highest School of Economics

### **3.5 The process and outcomes of the interviews in Russia**

What concerns interviews with the target audience, from the very beginning we realized the complexity of this undertaking. We clearly understood that we have only a limited number of interviews and our goal is to plan them so that they result in maximally valuable outcomes. Thus, we have set a multiple aim which in our opinion enabled us to cover all topics we had an interest in. One of the aims of the interviews was to understand how people perceive the concept of Silent Tourism. Another aim was to collect as much as possible information on holiday trends preferences, needs and wishes of the target audience. The last but not least one was to obtain practical tips from the first party on how the concept could be improved. As a method of communication with the respondents we gave our preference to unstructured interview. We didn't pre-

pare any questions for these interviews although we strictly knew in what direction the communication should be leaded. Conventionally we divided the interview into three parts each of which responded to the above mentioned aims. The scratch of the interview would look like this:

- How do you usually spend your holidays and is there anything that you would still like to experience?
- How do you find Silent Tourism Concept?
- How would you improve the concept and this particular offer?

All in all we consider that we coped with the task and obtained much valuable information. Outcomes of the interviews:

- Some of respondents answered that their primary residence is situated somewhere in Europe and when choosing a holiday destination they favour in remote islands somewhere in Pacific, Atlantic or North Atlantic Ocean.
- Wife is usually initiates holiday trips whereas implementation and organization of them as a rule the task of a personal assistant of the head of a family.
- Many of the respondents have been working closely with a travel agent who for many years of cooperation became a reliable adviser on favourable destinations.
- People of upper social stratum respect quality and they are ready to pay for that but still only a reasonable price. They always want to know for what they are paying.
- Brand is very important because these people are quite busy and they don't have time for choosing among unfamiliar products. Thus they prefer to pay a bit more for something whose quality is out of question.



- All of the respondents were quite surprised that Harmony Trail's offer is not accompanied by any trailer. In their opinion it is very difficult to imagine a place solely by description. Lack of trailer is a very big drawback of the package.
- It is desirable to be able to review the feedbacks left by previous tourists.
- The price for the product while it is in the current condition is unreasonable.
- The respondents were also interested in reviewing the company's registration certificate, which we were not able to present. Another drawback.
- The programs in general were evaluated as primitive and lacking zest.
- Simplicity as a main element of Silent Tourism concept could work if changed for luxury simplicity.
- The concept as such was evaluated positively and motivated to continue developing.
- Family packs were among the most highly evaluated. All respondents complimented the idea of separate educating program for children within a family pack.

### **3.6 Interviews conducted in Finland**

Travel experts who have participated in the interviews have a vast experience in a sphere of travel business oriented on Russian market. Outcomes of the interviews with travel experts completed the picture of Silent Tourism concept perception and we were able to compare the opinion on the concept from three different sides: potential customers, travel agents and the concept founder.

### 3.6.1 Interview with Annamari Lammassaari

In order to understand better what kind of Silent Tourism activities Harmony Trail<sub>tm</sub> offers to Russian customers, we conducted an interview with the owner of the company and the project leader - Annamari Lammassaari.

Ms. Annamari Lammassaari said that her company aims at creating the activities, atmosphere, accommodation and a lot more, which will help busy and exhausted people to forget for a while about their everyday problems. The main part of this concept is Finnish nature, its purity and peacefulness. The customers who decide to try Silent Tourism will rest in the luxurious villa, enjoying nature, silence and some activities that used to be popular long time ago, but which were forgotten by busy and stressed people living in large cities. She said that in addition to luxury accommodation, the customers could go and pick blueberries in the forest or enjoy horseback riding. She also pointed out the proximity of the village, where clients could attend rancho or have typical Finnish lunch. However, Ms. Lammassaari mentioned also the chance to have a 3-day trip to Helsinki, where the clients will enjoy yachting, hotel accommodation, boutiques and SPAs. This trip will also include the silent part: going to countryside for horseback riding, swimming, enjoying apple blossom and sauna.

The owner of Harmony Trail<sub>tm</sub> pointed out that she wants to offer luxurious trips for wealthy people. She expects high-end Russian clients, who are tired of busy life in Russia. She assumes that Russians will enjoy the chance to combine nature and high-level services. The expectations of this market are also high, as she noticed that the amount of reach Russians coming to Finland is increasing and she wants to take the opportunity to create a new type of tourism that will attract these clients. What concerns means of reaching the clients, Annamari understands that in order to make the customers interested in the offer, the programs must be, first of all, adopted to Russian market both in terms of language and culture. Therefore, she has hired Russian employees who developed them. The second step would be the distribution of the material. Ms Annamari Lammassaari has vast network and she plans to use it in order to reach the customers. The project leader plans to make the advertisements in VisitFinland and also to cooperate with travel agency Kymenmatkat.

The interview left positive impression and it helped us to create a clear picture of the product. It also provided us with valuable information about the means of reaching the right customers.

### **3.6.2 Interview with Sergey Shkurov**

Sergey Shkurov is a Marketing Coordinator of Visit Finland. His comments are addressed to the Nordic Treasure Program. Outcome of the interview.

- Design of the brochure should be changed for sophisticated. A professional designer should work on the brochure design as a brochure is a company's face and it will talk from Harmony Trail's name as well as form a first impression of the company. It is especially critical if targeting high end clients who used to chic and lustre. The current design would be acceptable if targeting a middle class segment.
- European style in the design. In the design it is recommended to follow a European style as this is a top trend in Russia today.
- Preference for European designer. What concerns a professional designer, the recommendation is to address a local one or any other European-based as he/she has hands-on experience in European design implementation.
- Only top quality paper should be used for brochures.
- English-aristocratic style for the brochure message. The brochure message should be edited by a professional. English-aristocratic style would be the most appropriate for the high end clients. As people in that segment have good education, broad outlook, they have seen much in their life, they will easily estimate the amount of money spent on the brochure design and texting.

- To build a brand image. A marketing campaign should be heavily invested as this is the only way to make people know about Harmony Trail and its product. Rich people won't buy a product without a name and reputation.
- To contact local Russian tour operators rather than tour agencies or agents and introduce the product.
- Nobody will invest in Harmony Trail promotion. Even if a tour operator agrees to include our product in its assortment it won't invest anything in promotion, meaning that if we don't take care of advertising Harmony Trail and its programs ourselves, then it will peacefully stay on the shelf in the tour operator's office.
- A test tour is obligatory. Before making any agreement each and every tour operator wants to test the tour, the cost of which will lie on the company's shoulders.
- Social media communication should be maintained daily. All possible social media channels should be used.
- Tourism Fair takes place in Helsinki five times a year. There mostly gathered tour operators who already actively work with Scandinavian market or those who at the stage of gathering information of this market. The last fair took place on the 21st of May 2012.
- Upper social class audience can be reached mainly by means of personal contacts. In case of lack of those, an impressive marketing campaign should be carried out. If a luxury marketing campaign can't be carried out due to some reasons then there is a sense to think or switching to a middle class segment however even then a marketing campaign can't be avoided.

- In case of switching to an upper middle class segment, the price of the weekend program should not exceed 1500 euro.
- Status of the programs should be changed from luxury to affordable luxury. This change will affect only the management group of the Harmony Trail company when choosing the strategies.

### **3.6.3 Interview with Satu Mantyvaara**

Satu Mantyvaara is a President of Kymenmatkat. Kymenmatkat was chosen by the owner of Harmony Trail as a distribution channel for the programs. Kymenmatkat is a travel agency that has been on Russian market for 10 years already and the owner of the company has an expertise in Russian tourist market.

The idea was met by Satu Mantyvaara positively. She believes in Russian market and she knows that Russian customers are ready to pay a high price for comfort. The main suggestion that she made was, however, to make the offer cheaper. The reason for this suggestion is that she believes that many more people would be interested in Silent Tourism and it would make sense to make this offer to them. She also recommended to have a leaflet that will contain the options of the programs that customer can pick according to their taste and budget.

The interview left positive impression and led to realization of the fact that the offer must be aimed at middle class instead of upper social class.

After analysing the results of the interviews we can say that all interviews are unison in opinions that Silent Tourism concept is very interesting but the realization of the concept should be changed in a way to match the needs of the target market. The recommendation on how to improve a strategic planning will be giving in the following chapters.

### 3.7 Results of the interviews

The results of the interviews were more or less expected: good concept, but relatively weak realization. As Silent Tourism concept was introduced partially by means of brochures, the biggest part of criticism was addressed to them.

- Improper target audience:
  - o People of upper social class do not resort to the help of ordinary travel agents as all the trips are planned by their personal assistants or secretaries.
  - o Many people of this social status have foreign residences which eventually became their primary home, meaning that in Russia they only earn money.
  - o Representatives of upper social class do not throw money away. Therefore, they are very careful in choosing a trip to spend money on, especially when the price is several thousand euros. They will buy a product only if it has a name, good reputation and a superior quality.
  - o These people might be the right audience under several conditions: if Harmony Trail has a strong and well-known brand on the market; if Harmony Trail invests in luxurious marketing namely, famous and expensive designers, high quality commercials; if Harmony Trail manages to earn the reputation.
- Lack of references. Interviewees both in St. Petersburg and Tomsk asked for references but unfortunately we were not able to provide them as there was no testing sale done. That immediately cost suspicion and drop the value of the product.
- Weak visual offer packaging. The brochures for the offer leave much to be desired. The design lacks a hand of a professional designer and at the moment the design is too simple. That was pointed out by all the respondents.
- There is no clear execution of the offer's concept. Interviewees mentioned that they are under the impression that the promise is not supported by a tangible offer. They said that they would be more confident in the offer if they could see at least pictures or even better a video film of the places and activities they will be involved in. Another bad surprise for the interviewees was that none of the brochures

included the villa as a main accommodation although a villa is a central element of the concept. In the brochures the villa was substituted by a hotel room.

- Primitive programs. In a scale from 1-10 the brochure was rated five in average. It was explained by some faults in programs such as: living in a hotel contradicts the Silent Tourism concept; six hour program is too short if considering that customers from Tomsk will make at best a ten hour trip before reaching Helsinki; price for a short-term leisure program without any luxury zest is too high.
- Pre-testing is obligatory. Silent Tourism is a new product which the Russian market is unfamiliar with. One way of introducing the product in the market could be cooperation with the travel operators. In order travel operators would be able to sell the product it is a must to invite those on a test-tour. Another issue is that prestigious travel agencies and operators value their reputation and they never sell a product without testing beforehand. This undertaking is money consuming although it would bring rapid results.
- There is a potential for Silent Tourism activities. Silent Tourism could gain popularity in Russia if to lower the price for the product and conduct a proper marketing campaign.
- Siberia and Tomsk in particular cannot be a prime target market for the Silent Tourism activities first of all because of isolated location of the region. Second of all because of its severe climate which creates a natural need for seashore holidays in the South. Third of all, Siberian nature is far not worse than the Finnish one, and people can freely pick up berries and wander in the forest without travelling 4000 kilometres.
- St. Petersburg upper social class could be interested in traveling to Finland and enjoying Finnish nature, only if the offer includes unique experiences.

- The idea of Silent Tourism could work if smartly realized. All in all respondents have found the idea attractive but the way Harmony Trail realized it was criticised.
- The main idea standing behind the Silent Tourism is simplicity but Harmony Trail failed to take into account that wealthy people would prefer Luxury Simplicity. For example if doing activities in the open air mosquitoes should not bother etc.
- Riding holidays in Finland is of low interest for Russian well-off equestrians and non-equestrians. Equestrians tend to experience unique horses with unique skills that cannot be found in Finland. Whereas non-equestrians are do not find the offer luxurious enough.

## 4 Findings and discussion

After bringing together theoretical tools with empirical data key findings were revealed. For clearer perception, the key findings were classified within three categories, namely concept, target country and target audience.

### 4.1 Concept

The results of the research proved the concept to be good but underdeveloped. The idea of offering a sanctuary from the hectic life of megapolis showed to be in a demand. However, at the moment Harmony Trail offers a bare idea without any tangibility. Potential customers questioned the credibility of the company's offer because there was no proof of the promises of luxurious accommodation, means of transportation, leisure activities. The reason for that was that we could not present any official documents and photos supporting reliability of Harmony Trail. The biggest failure of the concept lied in absence of a Luxurious villa which was supposed to welcome the guests. The lack of signed contracts with potential partners has also played against us and weakened the impression of the offer. It is a fact that even if a concept is described beautifully in words but is not supported by facts and documents an attempt to win client's trust and good impression will most likely fail.

Due to budget insufficiency the concept was not designed according to its value.



The brochures were created in a splash dash manner by dilettantes. Whereas, it is critical that the visual materials for the offer would be developed by highly qualified professionals with international experience.

To sum up the concept definitely is of interest to tourists. Although if Harmony Trail wants to sell the offer it should be improved to satisfy the needs of the chosen target segment. Sufficient attention should be paid to shaping the concept. A luxury offer should be packed luxuriously. All these demands heavy investment of money, time and human resources.

## **4.2 Country**

Russia is a complicated market which can be explained first of all by its extent and differences in cultural background. It is hard to cover every region, therefore it is recommended to start with one specific place. Within the range of this particular research we have covered St. Petersburg and Tomsk, as both of these regions have substantial money supply. The results show that there might be a challenge in bringing the Silent Tourism to life in these regions, as people have the standard picture of a philosophical destination in their minds as India or Tibet. Therefore, we think that Russia can be the right target market, only if Harmony Trail creates a strong awareness of Finnish silence and beauty in the mind of a Russian tourist.

Currently the image of Finland is well-formed only in St. Petersburg region. However, the accent in this region is made on shopping and Finnish Christmas. In neighboring Moscow for example people are absolutely unfamiliar with Finland as a tourism destination. What concerns Tomsk, this place cannot be considered as a potential market. There are a number of reasons for that statement such as remote location of the region which makes it complicated for the city citizens to come to Finland. As a matter of fact Tomsk residents favor seaside holidays in a warm country. Another reason is that mentality of this district somehow differs from the central and Northern-West region. Unlike Moscow and St. Petersburg citizens who have already adopted European style of living, Siberia citizens are only getting ready for this kind of adoption.

### **4.3 Target audience**

Based on background information, upper social class in Russia is not numerous and concentrated mainly in central regions of Russia namely, St. Petersburg, Moscow and its surroundings. This target audience can be reached solely by means of personal contacts. One way of making contacts is attending fancy events. The interviews together with PEST revealed the tendency of favouring a family package with individual approach to each and every family member. This tendency relates to most of the families regardless of their social position.

The chosen target audience can be considered right, only under condition that Harmony Trail invests in expensive and sophisticated marketing and finds the right channels of distribution, for instance creates contacts with the personal assistants who recommend holidays to their bosses. The interviews revealed that people of upper social class pretend to being treated with individual approach. They used to superior service quality. Therefore, the offer in its turn has to show the respect by being expensive and luxurious.

## **5 Conclusions and recommendations**

The objectives of the research were met. We were able to test the concept and to draw the conclusion on its demand. The recommendations are based on the findings of the research, which are in turn supported by a theoretical framework. Recommendations are presented in the actual chapter.

As it has been mentioned more than once, the concept is unique and attractive for the market and tourism professionals. However, there is a number of obstacles preventing the concept to succeed on the chosen market at this moment. The observations and analysis of holiday trends for Russian upper social class coincide with the results of the interviews. Although Russians are moving bit by bit towards appreciation of peaceful and philosophical holidays marked by a label “simplicity”, they are still interested in sophisticated and luxurious holidays. Being tired of chasing the wealth, people became more mature mentally and thus they started to be more curious about other aspects of

life and lives of other people. They want to try something new and return to origins. Therefore, the trend of calm and solitary holiday in a rustic atmosphere will most likely penetrate Russia in a couple of years.

The weaknesses revealed by means of SWOT analysis as expected influenced the perception of the concept by affecting the quality of the offer. SWOT analysis helped us to understand in depth advantages and disadvantages of the concept and be ready for giving adequate recommendations on the basis of empirical part.

The lack of budget led to forced economy on essential marketing components such as marketing research, design of the offer, creating brand awareness and pretesting. All these resulted in clients' dissatisfaction with the offer.

In addition to this, lack of investment prevented us from creating new contacts with the aim of concept promotion, as well as testing the product by means of personal communication at social events. Therefore if the commissioner still aims at targeting upper social class we would recommend investing in creating high quality design and conduction of proper marketing research of the desired target audience, strictly limited to one segment. In addition to this, we could suggest to try direct selling strategy with this target audience. Direct selling can be realized by taking advantage of making right contact at various luxury fairs chiefly organised in Moscow yearly; charity actions, concerts, marathons etc.

Alternatively, if Harmony Trail does not want to make any changes in the offer we would recommend targeting the middle or at least upper middle class rather than high end class. This statement is based on the observation that middle class representatives are more numerous and less demanding, which makes it easier for Harmony Trail to win their attention. Moreover, there is a possibility that Silent Tourism could be of interest to people of a middle class. Although it might be so that middle class is not ready yet for such a "philosophic" service. This area needs to be further researched. Not long ago, Russia lacked a middle class as such. People had money only to pay their living. Travelling for a long time considered to be the prerogative of the rich. Moreo-

ver, if we talk about Siberia, it is quite isolated from the rest of the world and travelling from there is very time consuming. Only 5-7 years the situation has changed and the travelling became more or less available for the mass (the statement is valid only for Siberia). Siberian climate is very severe, winter lasts up to 6 months. Thus among the favourite destinations of Siberian tourists are: Egypt, Thailand, Turkey, China. Recently this list was supplemented with Cuba, Dominican Republic, Europe.

To sum up, we would recommend targeting middle class in St. Petersburg, as it is a more Europe-like city, and, according to the results of the interviews conducted in this city, we concluded that people are tired of the “old” trips to Turkey, Egypt and Thailand, they long to experience peaceful holidays somewhere close-by. This information is also proved by the interview with the tourism specialist – the owner of the agency “RusoTuristo”. However, the action would lead to decrease in price. (Vasilieva O., 16.05.2012)

In spite of all the difficulties and obstacles, we strongly recommend keeping on developing the concept as it has a potential. Annamari Lammassaari is a strong and creative leader with a solid work experience in different spheres of business, who has a vast network and who knows how to approach even the most capricious clients. She is good at adapting to fast changing environment. Therefore, we believe that she is the right person, who will be able to get this project into shape and satisfy the needs of whatever chosen target audience. If we were to suggest the commissioner only one thing, we would strongly recommend creating personal contacts in Russia, as right acquaintances decide everything in this country.

To sum up, we would recommend Annamari Lammassaari to, first of all, decide on whether she wants the company to proceed with reaching high-end customers or to change the target audience to middle class. In case Harmony Trail will focus on middle class, we suggest to make a separate research on what people of this class want from their holidays and how much money they are able to spend on the trip. We believe that one of the first steps of modifying the offer would be switching to more moderate ac-

commodation, for instance, to country houses in the middle of Finland, where the guests would be able experience rural life and fresh-air activities.

In case the decision is to continue with rich Russian customers, we would like to suggest the following. First of all, it is better to wait for couple of more years before entering the market. This time will not only make sure that the potential clients are ready for the offer, but also it will ensure that the package of the offer is brilliant. Before inviting wealthy people to Finland, Annamari should make sure to have the villa ready. Villa has to be nothing less but gorgeous. The company should also prepare either written agreements with the partner companies, or create the facilities for guests' entertainment itself. The style of the offer should be luring for this specific target group. In order to ensure that the offer is packaged in the right manner and also to create the brand awareness, we think that the commissioner should cooperate with design professionals. According to the results of the interview with Sergei Shkurov, we know that the brochures should be designed in expensive English manner, therefore, we think that Annamari Lammassaari could cooperate with one of the well-know British agencies, such as, for instance, "All of Us" or "Blue Marlin" . They could help to create a brand image and also to develop the right style of the brochures.

After the preliminary work is done and the offer is ready to be presented to the customer, we suggest to make one pretesting sale, which means to invite somebody to try Harmony Trail facilities and activities for free. This will definitely also require a very demanding preliminary work in creating personal contacts in the environment of rich Russians. Once a good relationship is established at least with one or two wealthy families, Annamari could invite them to her place – amazing villa, that has everything that a tired and stressed Russian citizen might need. This customer should be treated at least as well as the king, and this kind of treatment and approach will pay back. After the customer is back to Russia, we would suggest to contact a famous journalist that works with the magazines popular among rich Russians, for instance, Tatler magazine. This journalist could interview the woman that had a trip to Harmony Trail and create an article with gorgeous story and photos from the trip. This would be a good business card for Annamari Lammassaari and Harmony Trail. The future clients will be interest-

ed in this offer. Harmony Trail will be successful, if it has huge investment and careful and intelligent work on public relations.

## **6 Validity and reliability**

On the basis of the research results we claim that the information gathered and analysed will be useful for the commissioner. Being natives to Russian culture we have a strong understanding of Russian mentality and values as well as we are familiar with communication peculiarities with upper-social class. The PEST analysis was also taken into account regarding business etiquette and family structures. These competences enabled to build trustworthy relationship with interviewees, which was based on the mutual respect, and led to sincere answers during the interviews. That was one of the reasons why this research was assigned to us.

In spite of few difficulties faced, we managed to obtain valuable and reliable information. Our interviewees are broad-minded people who have a clear idea of values and interests of the social group they belong to. Their answers on the interview were based not solely on their personal experience yet also on the experience and opinions of same circle people.

The research is considered valid as many reliable resources of statistical data were utilised in the process of data analysis. We have also revealed a number of patterns on changes, which should be made in the existing offer. The patterns are presented in the chapter 4.

Apart from this a strong side of the research consists in evaluation and comparison of the opinions of both potential customers and distributors of the product. The knowledge of opinion of tourism specialists' is crucial to the research since they express their ideas and thoughts straightforwardly.

The research that has been carried out is valid for no longer than two years period. Rapidly changing economic, political situation influence heavily leisure trends. Based on the observations supported by a Trend analysis theoretical tool presented earlier in

chapter 2.6, holiday trends change rapidly. If compare holiday preferences 10 years ago when rich Russians were in a public eye for their million dollar crazy parties abroad whereas nowadays Russian millionaires know the value of money. They favour peaceful philosophic holidays with a reasonable price accompanied by a family. That can be explained by three main factors: changing in mentality in the European direction; financial crises taught people to value their money; moreover, today they become satiated with wealth and they start to look for alternative and smart pleasures. It is a matter of fact that what is popular today can be no longer in demand three years after. Therefore, we recommend taking use of follow up researches.

Relatively few amount of interviews from Russia is explained by the lack of budget; orientation on quality versus quantity; limited access to the circles of the target audience; limited time resource.

The lack of budget resulted in a minimum amount of trips to Russia, namely one trip per region. Trips were arranged with orientation on personal need of the researchers because they were self-financed. By means of participation in social events for upper social class we could enlarge the circle of potential interviewees. However that would demand heavy investment which we were not granted.

According to the research agreement with the commissioner the research was put in tight time frame which conflicted with tight schedule of potential interviewees.

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## **8 Attachments**

### **Appendix 1.** Interview questions to Annamari Lammassaari

1. What is the concept of Silent Tourism?
2. What kind of activities do you offer them?
3. What do you expect from Russian market?
4. How do you plan to reach Russian market?
5. How did you get the idea of Silent Tourism?

**Appendix 2.** Harmony Trail<sub>tm</sub> brochure “Blueberry Trail”

The information is confidential and was used only in frames of the research, therefore the brochures are not available for the general public.